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7 August 1947

MEMORANDUM FOR THE EXECUTIVE DIRECTOR

SUBJECT: Progress Report of the Executive for Inspection & Security for the Month of July 1947.

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I. REORGANIZATION.

1. As of 1 July 1947 the office of the Executive for Inspection and Security absorbed the former Security Division of the office of the Executive for Personnel and Administration. At the same time, the Assistant Director, OSO, activated the Security Branch, OSO.

2. Delimitation of the respective functions of the Executive for I & S and the Security Branch, OSO, were performed through the Executive for A & H and by mutual agreement of the Executive for I & S and the Assistant Director, OSO. The many details of this delimitation of functions may be summarised briefly as follows:

A. The Executive for I & S is

(1) responsible to the Director through the Executive Director for the overall security policies and regulations of CIO;

(2) directly responsible for the personal security of all CIO personnel on vouchered funds at home and abroad, with the proviso that the Assistant Director, OSO must review security of OSO staff personnel and must maintain personal and physical security within OSO;

(3) responsible for all security files of CIO less active covert and semi-covert files (to be implemented upon completion of vault room in Central Building);

(4) liaison on personal security of employees with FBI and IAD agencies;

(5) responsible for the audit of special funds for the Director, and for such other audits as may be ordered by the Director;

(6) responsible for performing the function of Inspector General for all of CIO and will make or cause to be made such inspections as the Director may order at home and abroad.

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b. The Assistant Director, OSO is responsible

- (1) for the personal security of all covert and semi-covert personnel and for all OSO personnel overseas;
- (2) for the day-by-day maintenance of personal and physical security within OSO;
- (3) for the establishment and maintenance of a Field Investigation Unit for the benefit of OSO and, when requested, for other offices of CIA;
- (4) for such other duties specifically directed by the Director of Central Intelligence;
- (5) for personal and physical security of all OSO installations abroad, subject to such inspections specifically directed by the Director of Central Intelligence;
- (6) for the maintenance of communications security for all of CIA except the local telephone system.

II. STATUS as of 1 JULY 1957.

3. Upon assumption of control of the former Security Division, P & A, by the Executive for I & S, the status and conditions existing within this division can be summarized as follows:

a. Due to the fact that no approved T/O for the Security Division had ever been issued and due to the fact that the overall division of functions had never been clearly drawn, there were the following deficiencies which were in the main circumstantial, which caused the operating personnel to work under great difficulties, and which in any event needed correction.

- (1) Shortage of personnel. - Unlike other offices of CIA, the peak load of the Security Office occurs in the formative period.

- (2) Difficulty of branch, division, and unit heads to properly plan work, priorities, etc., due to lack of an established policy set for the Security Division as a whole.

- (3) Need for establishment of clear-cut priorities for security investigations which would accord with the back-log of investigations in the most efficacious manner.

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(4) Again, due to shortage of personnel, lack of accurate records and files depicting current progress of security matters.

(5) Security policy and security operations greatly lacked coordination in that functions had been in separate CIG offices and the Chief, Security Division, as well as Chief, Security Policy Branch, were hampered by following involved channels to accomplish such coordination.

(6) No security monitoring or maintenance had been given to the handling of classified information, including TOP SECRET CONTROL procedures.

(7) No monitoring system had been established for telephone conversations.

(8) Security officers had not been designated within all the various offices for the particular attention to maintenance of security under the chief of office. Furthermore, a system of continuing indoctrination after the initial indoctrination was badly needed for maintenance of security.

b. On the other hand, the undersigned found a very high quality of key personnel in the former Security Division, who had been accomplishing as much as possible under the various enumerated disadvantages.

III. PROGRESS AND ACTIVITIES during JULY 1947.

6. Investigation Branch.

a. The status of security investigations shown below shows an increased backlog. This backlog is largely due to the requirement of investigating the employees of [REDACTED] Branch, the bulk of whom entered upon duty with CIO without security investigation. However, it is of interest to note that of this backlog, only six are applicant cases, and that as a result the authorized recruitment of new CIO employees has not been held up. A strenuous effort is being conducted in early August to clear up the backlog of [REDACTED]

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(1) Number of cases in the FBI as of
1 July 1947: 260
Number of incomplete cases in
I & D as of 1 July 1947: 81
Total backlog of cases as of
1 July 1947: 341

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Number of cases forwarded to FBI during period:	243
Number of PIB's awaiting action:	42
Number of requests for clearance during period:	285
TOTAL VOLUME	629
Number of Approvals	118
Number of Disapprovals	23
Number of cases closed before completion	22
Total cases closed during month	161
Backlog of cases in PDI as of end of month	899
Backlog of cases in I&D as of end of month	267*
Total backlog of cases as of end of month	166

* Approximately 25 of these cases are awaiting completion of PDI by the subject. PIB's were returned to the Personnel Branch. This figure includes only 6 applicant cases concerning which completed reports were received from the PBL.

(2) Name checks for Contact Branch:

(a) Number pending last day of previous month	360
(b) Number requests received during month	015
(c) Number completed during period	70h
(d) Pending	679

(3) Name checks for other than those for
Contact Branch:

(a) Number pending last day of previous month	70
(b) Number requests received during period	20
(c) Number completed during period	61
(d) Pending	34

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7. Physical Security Branch.

- a. Prepared completed and approved draft of new Security Regulations, CIO. (to be published during August).
- b. Performed a physical security survey of proposed new site for [REDACTED] Interagency Office, OO. This site was disapproved as a bad security risk. 25X1A6a
- c. Reached a signed agreement between State Department, CIO, and Government Printing Office on the physical security regulations for the CPO plant in basement of South Building.
- d. Preliminary arrangements made to monitor telephone conversations within CIO. The problem and request for estimate taken up in conference with Telephone Company.
- e. Prepared draft of Security Chapters for Administrative Manual, CIO.

8. Security Control Staff.

- a. Security Survey of CPO plant in basement of South Building.
- b. In conjunction with Physical Security Branch, survey of proposed site for [REDACTED] Interagency Office. 25X1A6a
- c. An intensive survey of TOP SECRET CONTROL procedure and handling of classified information within CIO was instituted and is nearing completion. Preliminary information obtained discloses that many remedial measures must be undertaken.
- d. Prepared CIO comment on proposed Security Advisory Board publication concerning minimum security standards for all government agencies.

e. Prepared and published Operations Memorandum No. 11, together with ICAP3 new draft of Operations Memorandum No. 4 concerning contacts of CIO with other government agencies.

f. Prepared study and draft of CIO policy regarding private travel abroad.

9. Miscellaneous.

- a. Prepared security plan and policy for establishing credentials for certain CIO employees, and turned same over for implementation to Executive for A & M.

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b. Prepared plan for establishing security officers in each office and in certain branches for the better day-by-day maintenance of security.

c. Prepared initial recommendations for establishing procedure for termination of employees in accordance with authority granted in Unification Bill and forwarded to Executive Director list of initial recommended personnel actions resulting from security investigations.

d. Instituted a security study and analysis of [redacted] for submission to the Director in early August. FOIAb3b1

e. Instituted policy that transfers between offices of CIO and between branches of CIO are subject to review and comment by Executive for I & S.

f. Prepared card file of security disapprovals containing briefs of derogatory information which can be made immediately available to Director, Deputy Director, or Executive Director.

g. Five persons from approximately twelve interviewed have been tentatively considered for Audit Branch. Decision suspended until completion of fully satisfactory security clearance.

h. Chief of Inspection Branch, [redacted], has been selected and will report on 15 August. 25X1A9a

i. All branches preparing job descriptions to accord with new T/O and new functions under CIO reorganization.

IV. PROJECTS FOR AUGUST.

1. The following are the more important current projects:

a. Implementation of new Security Regulations, particularly as to revised system of passes.

b. Implementation of plan and policy concerning controlling security maintenance and protection through office and branch security officers.

c. Implementation of survey of TOP SECRET CONTROL. Procedure to insure that remedial measures are taken. A special position is being set up in Physical Security Branch to continuously monitor classified information procedures.

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a. Preparation of an Emergency Plan covering fire and disaster, its announcement, and full publicity to all employees including emergency posters to be posted in all buildings.

b. The establishment of the Security Files Section upon completion of a vault room for same.

c. Activation of Audit and Inspection Branches.

d. Completion of projects shown in III above.

SHEPPIELD REEDS

Colonel, FA

Executive for Inspection & Security